



## WHAT IS COMMUTER CHOICE MARYLAND?

It is an incentive program designed primarily to encourage Maryland employees who drive to work to switch to transit or vanpools.

Commuter Choice Maryland cannot be offered as a part of a cafeteria plan. Cash reimbursements are not allowed for pass purchases through this program (IRS Code Section 132f).

**Federal and State tax regulations** have made it possible for **Commuter Choice Maryland** to offer employers more commuter benefit options, which encourage employees to ride MDOT MTA Buses, Light Rail, Metro Subway, MARC Trains, or qualified vanpools to work, and save money on their commute!

**These Federal and State tax laws** can provide hundreds or even thousands of dollars in annual commute-to-work savings for employees. Employers are also rewarded with special Federal and State tax deductions, State tax credits, and savings on certain payroll taxes.

## COMMUTER CHOICE MARYLAND

offers an extensive menu of commuter transportation services that can help your company play a vital role in reducing traffic congestion, improving air quality, and enhancing the quality of life for everyone.

- Base Realignment & Closures Transportation Information
- Maryland Commuter Tax Credit Information/Assistance
- Ridesharing - Carpool/Vanpool Matching\*
- Transit Information\*
- Guaranteed Ride Home Information\*
- Variable Work Hours Information
- Telecommuting Information/Assistance
- Telework Centers Information
- Parking "Cash-Out"\*
- Bicycling & Walking Information
- Federal Bicycle Benefit Information
- Water Taxi Information

*\*Eligible for Maryland Commuter Tax Credits*

**Commuter Choice Maryland** representatives can help you understand and take full advantage of these tax laws and how to use them to your benefit.

TRANSIT RIDERS

# GET HOME FROM WORK FREE

~ WITH ~  
**GUARANTEED RIDE HOME!**

Some restrictions apply.

**1-800-745-RIDE (7433)**  
**COMMUTERCONNECTIONS.ORG**

**MDOT** MARYLAND DEPARTMENT OF TRANSPORTATION  
MARYLAND TRANSIT ADMINISTRATION

**COMMUTER CONNECTIONS**  
A TRANSIT WAY TO WORK



[commuterchoicemaryland.com](http://commuterchoicemaryland.com)

For transit information go to:  
[mta.maryland.gov](http://mta.maryland.gov)  
410-539-5000 | 410-767-8746  
866-RIDE-MTA (743-3682)

**MDOT**  
MARYLAND DEPARTMENT OF TRANSPORTATION  
MARYLAND TRANSIT ADMINISTRATION

7/17 2000 PS-ID

# COMMUTER CHOICE MARYLAND BENEFITS PROGRAM

MARYLAND DEPARTMENT OF TRANSPORTATION  
MARYLAND TRANSIT ADMINISTRATION



*A new company perk  
that helps everyone save.*

**MDOT** MARYLAND DEPARTMENT OF TRANSPORTATION  
MARYLAND TRANSIT ADMINISTRATION

# TWO GREAT WAYS TO SAVE

## 1 FEDERAL BENEFIT

Federal benefit offers employers three options for providing tax-free commuter benefits of up to \$255 per month to employees:

### 1a EMPLOYER SUPPORTED OPTION

- An employer provides an employee up to \$255 per month in tax-free commuter benefits.
- The employee rides transit all month for low or no cost.
- The employer takes a federal and State tax deduction as a normal business expense on the amount of benefit given to the employee.

EXAMPLE:

Employer pays for entire MDOT MTA Monthly Pass	\$72.00
Employer receives MD Commuter Tax Credit (50%)	(36.00)
Employer takes federal deduction <sup>1</sup> as business expense	(18.00)
Employer takes State deduction <sup>2</sup> as business expense	(5.94)
<b>Net cost to employer</b>	<b>\$12.06</b>
<b>Net cost to employee for transit pass</b>	<b>\$0.00</b>

### 1b EMPLOYEE PRE-TAX SALARY DEDUCTION OPTION

- An employee purchases an MDOT MTA monthly pass using a pre-tax salary deduction.
- The employee's federal, State and FICA taxes are reduced because of the lowered taxable wages.
- The employee effectively rides transit all month for less than full fare.
- The employer saves on certain payroll taxes due to the lower taxable wages.

EXAMPLE:

Employee deduction from gross salary for monthly pass	\$72.00
Federal tax saved (assume 15% bracket)	(10.80)
State tax saved (7.5%)	(5.40)
FICA tax saved (7.65%)	(5.50)
<b>Net cost to employee for transit pass (Employer also receives FICA payroll tax savings)</b>	<b>\$50.30 (\$5.50)</b>



### 1c COMBINATION EMPLOYER / EMPLOYEE OPTION

- An employer pays for a portion of an employee's transit costs.
- The employee pays for the remaining costs using a pre-tax salary deduction.
- The employer receives the benefits noted in 1a and 1b.

EXAMPLE:

1. Employer pays \$36 toward cost of \$72 MDOT MTA Monthly Pass	\$36.00
Employer receives MD Commuter Tax Credit (50%)	(18.00)
Employer takes federal deduction <sup>1</sup> as business expense	(9.50)
Employer takes State deduction <sup>2</sup> as business expense	(2.97)
<b>Net cost to employer</b>	<b>\$6.03</b>
2. Employee pays remaining \$36 using pre-tax deduction	\$36.00
Federal tax saved (assume 15% bracket)	(5.40)
State tax saved (7.5%)	(2.70)
FICA tax saved (7.65%)	(2.75)
<b>Net cost to employee (Employer also receives FICA payroll tax savings)</b>	<b>\$25.15 (\$2.75)</b>

<sup>1</sup> Assumes 25% federal corporate tax bracket.

<sup>2</sup> Assumes 8.25% State corporate tax rate.

When choosing 1a or 1c the employer can also benefit from the MD Commuter Tax Credit.

## 2 MARYLAND COMMUTER TAX CREDIT BENEFIT

Maryland employers, including 501(c)(3) or (4) organizations, may claim a tax credit for 50% of the eligible costs of providing commuter benefits up to a maximum of \$100.00 per participating employee per month. The tax credit can be taken against the State personal income tax, corporate income tax or the insurance premium tax.

Organizations that are tax-exempt under Internal Revenue Code 501(c) 3 may be eligible to claim certain business tax credits against their withholding taxes. These qualified organizations no longer will use Form 500CR, but will use Form 508CR as an attachment to Form MW508 (Annual Employer Withholding Reconciliation Return). Visit [marylandtaxes.com](http://marylandtaxes.com) to obtain a 500CR form.

The credit is applicable to the following expenses:

1. MDOT MTA passes, tickets, fare cards
2. Company Vanpool program
3. Guaranteed Ride Home program
4. Cash in Lieu of Parking program

